

Summary of Living Wage Ordinance (February 9, 2005)

Purpose: Ensure that the City, City service contractors and subcontractors, and beneficiaries of certain City subsidies pay a wage sufficient for a working family to meet basic needs in housing, child care, food, clothing, household items, transportation, health care, and taxes.

By Pursuing this Legislation, the City Intends to: Lessen poverty; increase personal economic self-sufficiency; increase the local economic base and revenues; improve quality of life; decrease City expenditures due to poverty, and act in a responsible and ethical manner

Definition of a Living Wage: \$10.00 per hour with as much as \$1.50 per hour credited for health insurance provided by the employer.

Less for Tipped employees: \$10.00 per hour minus 10% of the annual sales for the employer prorated on an hourly basis per employee.

Inflation Adjustment: The living wage shall increase at the beginning of each calendar year by the same percentage as the Consumer Price Index for All Urban Consumers increases during the year ending the previous June 30.

Who Must be Paid a Living Wage: The City of Bloomington and other Covered Employers who enter into certain service contracts or subcontracts with the City or who are beneficiaries of certain subsidies must pay a living wage to Covered Employees.

Covered Employers include the City of Bloomington as well as for-profit employers with at least 10 employees or not-for-profit employers with at least 15 employees, **Who either:**

Enter into Contracts or Subcontracts with the City

- worth at least \$10,000 and
- primarily pertain to the performance of food services, janitorial services, facility maintenance, landscaping, laundry services, parking lot management and attendance, waste management, pest control, auto repair, clerical and office duties, resident and day shelter services, street maintenance and sidewalk construction and maintenance;

Two reasons for these services: First, some of these positions are performed by City employees and should be paid a living wage if ever performed through contract and, second, others are services that typically pay less than a living wage.

Note: more than one contract for the foregoing services that have a cumulative value of at least \$10,000 and have been divided without a legitimate and compelling business or public purpose will be considered as a single contract.

or

Receive (are Beneficiaries) of a Subsidy or Subsidies:

- in the form of the following economic development funds or programs: tax abatements, Bloomington Investment Incentive Loan Fund grants, or expenditures from Industrial Development Fund; or
- in the form of social services grant through CDBG or the Jack Hopkins Social Services funds, or
- in the form of new subsidies which shall considered by the Common Council before they are offered to the public, and
- the aggregate value of those subsidies amounts to at least \$25,000 in any 12-month period

Must pay a Living Wage to Covered Employees which include persons:

- performing work toward fulfilling the service contract or subcontract
- in positions that have been created or retained as a result of economic development subsidies (or in positions that perform substantially the same duties as those previously identified positions) while the subsidy is in effect;
- performing work operating a social services program while the grant for that program is in effect.

Note: volunteers, persons in common construction wage positions, work-study positions, vocational rehabilitation programs, training positions with a duration of less than 6 months, and under the age of 18 in temporary or seasonal positions are not covered by this ordinance.

Other Obligations Imposed upon Covered Employers: Along with paying a living wage, Covered Employers must:

- Notify Covered Employees how the ordinance may affect them (using forms created by the City);
- Include a living wage provision in contracts subject to this ordinance;
- Not retaliate against employees who pursue enforcement of the ordinance;
- Provide information to the administrator about the Service Contract or Subsidy, Beneficiary, and workforce profile;

- Provide wage levels for covered employees and employment needs under the award including net change in number and rates of pay for positions;
- Keep records for at least three years that include information requested by the administrator(s) of this ordinance that is necessary to verify compliance in a reasonably convenient manner; and
- Provide these records upon request;

Covered Employers May be Exempt from the Ordinance in Three Circumstances:

There are three circumstances in which a Covered Employer may not be obligated to pay the full Living Wage to covered employees. These circumstances include:

- **Phase-In for Certain Non-Profit Entities.** Non-profit entities may phase-in their obligation to pay a living wage in the first two years after the ordinance goes into effect. To do so, they must pay at least 15% of the difference between the existing wage and the living wage at the beginning of the first year and at least 35% of the difference at the beginning of the second year.
- **Supplementals for Certain Non-Profit Entities.** Non-profit entities may also seek supplemental funds from the City in the first four years after the ordinance goes into effect. To do so, they must request the Council to authorize up to half the cost of complying with the wage provisions of this ordinance when full compliance would result in an important cutback in services.
- **Waivers.** The City Attorney may request that the Common Council waive provisions which are contrary to state or federal law or regulation.

Enforcement: The administrator(s) of the program may investigate Covered Employers based upon monitoring of assistance or upon complaint by a Covered Employee.

Consequences of Non-Compliance: After an investigation, notice and a hearing, and a period of time for the Covered Employer to correct the problem, the City Attorney may order restitution of wages, termination of assistance, and ineligibility for future assistance for a period of three years.

Annual Reporting: The administrator(s) of this ordinance must submit an annual report to the Council (via the Controller) regarding each contract or subsidy covered by this ordinance. The report must include the purpose, cost to the City (including foregone revenue), number and net change of jobs associated with each of those contracts or subsidies.

Effective Date: The ordinance will apply to contracts or subsidies awarded 90 days after the ordinance has been published.